weekly economic review

November 15, 2012

Resale Housing Market

Growth in existing home prices picks up

Alberta resale home prices continue to trend upward in October, posting the largest year-over-year increase in more than 2 years. The average existing home price in Alberta was $369,213 in October, up a strong 2.1% from the previous month and well above the 0.1% national increase. Year-over-year growth in the Alberta home prices accelerated to 4.8% last month.

Sales of existing homes fell 3.5% to 5,035 in October, partly reversing the previous month's gain. However, sales were up a strong 10.1% over October 2011, marking the 18th consecutive month of year-over-year increases. So far this year, existing home sales have increased an impressive 13.4% over the same period last year. The Alberta resale market crawled back into the seller's territory in October. The sales-to-new listings ratio hit 0.61, well above the national average of 0.51 (a value above 0.6 denotes a seller's market).

Manufacturing Shipments

Shipments rise for third straight month

Manufacturing shipments continued to improve in September, posting a 1.9% increase to $6.4 billion. Despite the jump in monthly sales, year-over-year (y/y) growth in manufacturing shipments slowed for the third straight month, coming in at only 1.9%. Weighing on the annual growth rate were chemical (-5.6% y/y) and petroleum & coal (-2.2% y/y) shipments. After three months of double digit gains, machinery shipments moderated to 1.2% y/y growth. In the first three quarters, manufacturing shipments are up 8.8% above the same time last year.

Non-Residential Building Construction Price Index

Construction cost inflation moderates

Non-residential building construction costs in Alberta's two largest cities continued to rise in the third quarter, but at a lower rate than the previous quarter. In the third quarter, non-residential construction costs rose 3.5% in Calgary and 3.6% in Edmonton relative to the same time in 2011. While construction cost inflation decelerated below 4% in Calgary and Edmonton, the two cities continued to have the highest cost increases of any major urban centre in the country. In Canada's seven metropolitan areas, non-residential construction costs increased on average by 2.4% in the third quarter over the same time last year.

International Energy Markets

IEA projects large increase in North American energy production

In its annual World Energy Outlook, the International Energy Agency (IEA) has forecast that the United States could become the world's largest energy producer by 2025. The IEA expects that the continued development of shale oil and gas deposits will allow the US to surpass both Saudi Arabia and Russia in energy production. The IEA also expects strong growth in Alberta's oil sands production, rising to 4.3 million barrels per day by 2025 from 3.4 million barrels per day in 2011.

Alberta Resale Housing Market

Source: Canada Real Estate Association

Closing Prices	November 8, 2012	November 15, 2012	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	100.14	99.75	99.96
WTI Oil ($US/bbl)	$85.09	$85.45	$91.84
NYMEX Natural Gas ($US/MMBtu)	$3.61	$3.70	$2.80

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	May	Jun	Jul	Aug	Sep	Oct
Population[2] (000's)	3,724	3,776	3,814			3,877			
% change	1.4	1.5	2.5			2.5			
Net Interprovincial Migrants[3] (level)	5,371	8,443	38,170			6,544			
Net International Migration[3] (level)	24,100	16,703	37,960			14,546			
Net Non-permanent Residents[3] (level)	14	-7,604	9,721			5,344			
Labour Market									
Employment (000's), SA	2,017	2,094	2,146	2,153	2,144	2,152	2,154	2,150	2,161
% change	0.4	3.8	2.8	4.1	2.7	2.7	2.1	1.8	1.7
Unemployment Rate (%), SA	6.5	5.4	4.7	4.5	4.6	4.6	4.4	4.4	4.5
Participation Rate (%), SA	72.9	73.7	73.5	73.7	73.4	73.7	73.6	73.6	73.7
Average Weekly Earnings ($), SA	980.36	1,039.60	1,065.06	1,058.07	1,068.09	1,068.30	1,084.39		
% change	4.6	4.0	3.1	1.5	3.9	5.5	4.2		
Price Indices									
Consumer Price Index	1.0	2.4	1.4	0.4	1.3	1.9	1.0	1.4	
Excluding food and energy	0.8	0.8	1.4	1.9	1.6	1.4	1.4	1.1	
NEW: Non-Res. Building Const. Price Index[4]	0.1	3.4	4.1		4.1			3.5	
Farm Product Price Index	1.8	17.4	6.3	7.1	8	--	--	--	
Crops	9.6	18.0	2.1	1.3	1.4				
Livestock	5.7	16.8	9.6	9	12.8				
Household Sector									
Housing Starts (SAAR), 000's	27.1	25.7	33.0	30.7	33.9	35.1	33.1	33.2	31.1
% change	33.5	-5.1	33.5	30.6	45.6	31.5	6.8	36.6	11.1
New Housing Price Index[4]	0.5	0.4	1.1	1.0	1.2	1.5	1.5	1.6	
Edmonton	-0.8	0.9	0.9	1.1	0.8	0.8	0.9	1.2	
Calgary	1.7	-0.1	1.3	0.8	1.7	2.3	2.4	2.3	
NEW: MLS Average Resale Prices ($ 000's)	358.9	362.7	361.0	365.5	360.5	360.1	363.9	361.8	360.3
% change	3.1	0.5	2.1	3.9	2.7	3.2	3.6	0.2	4.8
Edmonton ($ 000's)	326.5	324.2	331.8	336.1	332.3	331.8	334.0	334.2	334.2
% change	2.3	-0.7	2.3	4.0	3.1	1.2	2.9	2.3	3.3
Calgary ($ 000's)	397.4	401.9	408.4	418.3	410.2	411.5	410.9	410.2	423.5
% change	3.4	1.1	1.3	2.4	2.3	3.1	1.8	0.0	5.5
Retail Sales, SA	6.0	5.9	8.9	8.6	7.3	9.4	8.3		
New Motor Vehicle Sales	9.5	9.6	12.4	22.4	5.8	10.6	9.0		
Consumer Bankruptcies (level)	8,150	7,029	4,083	515	484	489	454		
% change	-18.4	-13.8	-17.2	-16.5	-25.4	-8.5	-26.7		
Business Sector									
Rig Drilling (level)	207	286	246	68	159	198	225	220	290
% change	68.1	38.4	-11.0	4.5	-7.3	-17.6	-30.9	-35.7	-29.6
Goods Exports (customs based)	12.6	18.5	4.1	1.4	-1.1	0.6	8.3	9.0	
Energy	17.1	19.4	-5.4	1.9	1.2	9.3	-11.0	-6.2	
Farm, Fishing and Intermediate Food	-15.9	27.2	15.7	19.2	11.5	10.9	27.5	19.1	
Total Farm Cash Receipts (quarterly)	-3.7	16.3	28.3	--	--	--	--	--	
NEW: Manufacturing Shipments, SA	11.3	18.0	8.8	9.8	4.8	6.7	5.9	1.9	
Wholesale Trade, SA	8.5	15.0	14.5	17.0	10.6	12.7	10.1		
Building Permits, SA	1.3	11.8	12.3	10.2	13.8	0.1	11.0	0.4	
Residential	22.4	5.2	18.5	27.0	14.6	1.2	30.2	7.2	
Non-residential	-18.3	20.9	4.9	13.2	11.5	-1.5	-10.4	-9.2	
Business Bankruptcies (level)	378	264	160	28	22	16	10		
% change	6.7	-30.2	-8.0	27.3	37.5	-6.7	-61.5		

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted.

[1] Unless otherwise indicated, all figures are year-over-year percentage change and not seasonally adjusted.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 - June 30).

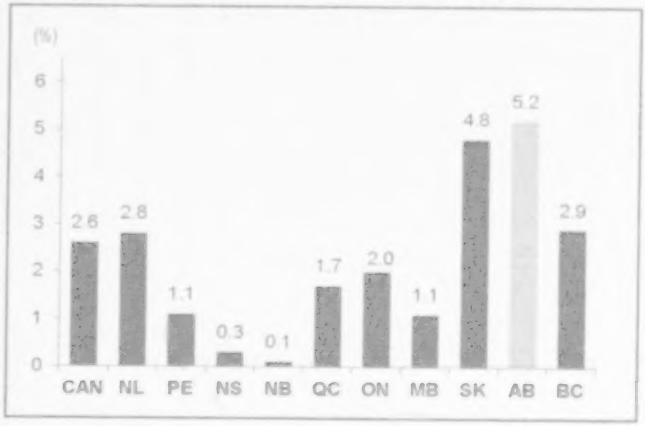
[3] Quarterly, average of Calgary and Edmonton.

[4] Average of Calgary and Edmonton.

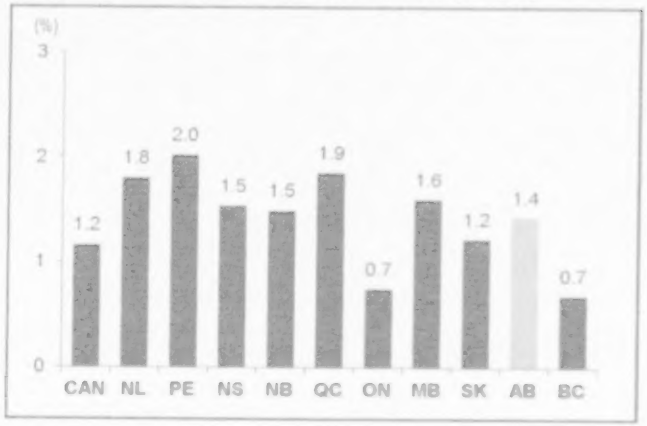
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

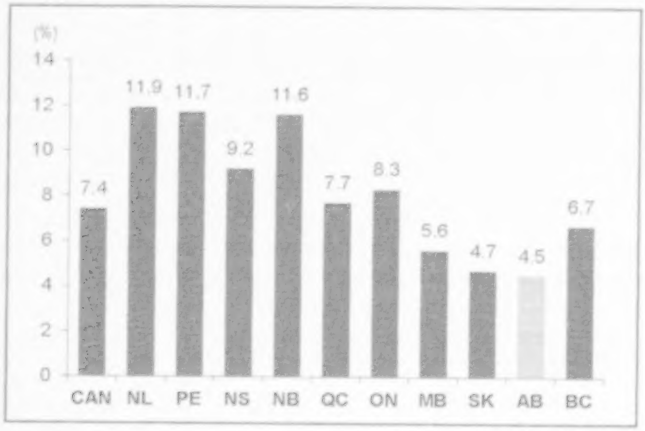
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



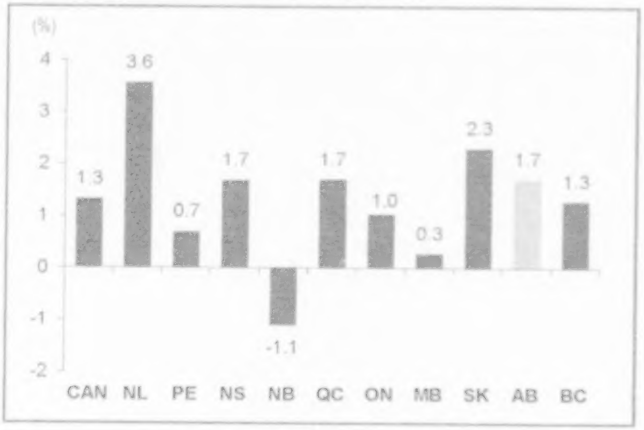
CPI Inflation
(September 2012, year-over-year growth in CPI)



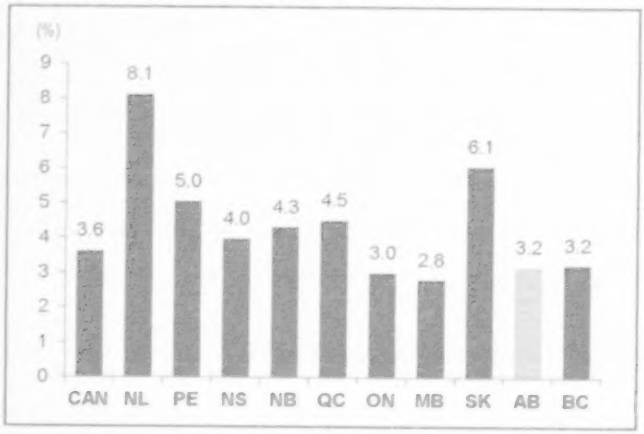
Unemployment Rate
(October 2012)



Employment
(October 2012, year-over-year growth)



Average Weekly Earnings
(August 2012, year-over-year growth)



Housing Starts
(October 2012, SAAR, year-over-year growth)